

**Conference on Zimbabwe: Macroeconomic
policy, management and performance since
independence: Lessons for the 21 st century
(1998: Harare, Sheraton Hotel)**

VOLUME 3. Paper nos, 27 to 39

PAPER 39

MACRO-ECONOMIC POLICY MAKING AND THE DIMENSIONS OF SOCIAL SECURITY IN THE RURAL AREAS OF ZIMBABWE

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PAPER PRESENTED AT THE CONFERENCE ON:
"ZIMBABWE: MACROECONOMIC POLICY, MANAGEMENT AND
PERFORMANCE SINCE INDEPENDENCE (1980-1998): LESSONS FOR THE
21ST CENTURY"

HELD AT THE HARARE SHERATON HOTEL

19-21 AUGUST 1998

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INTRODUCTION

Macroeconomic policy making normally seeks to achieve sustainable economic growth and efficiency in resource allocation and utilisation through the use of the appropriate monetary, fiscal and trade policies. Conventional wisdom postulates that the free market system is the best mechanism for the achievement of this goal. However, depending on the initial conditions of resource distribution and power relations in society, the free market outcome may not be socially acceptable as it tends to be characterised by inequalities. It is under this situation of "market failure" to efficiently allocate social goods and services that governments normally should intervene with social policies (i.e state regulation of the market to protect the public from the bad effects of imperfect competition). Social policies could be in the form of resource redistribution, improving access to health, education, housing, water and sanitation, intervening in certain markets to improve income distribution etc (Mwanza 1997). It is generally difficult to foster development efforts in a nation whose majority population is plagued by social insecurity. Thus, macroeconomic policy making, political decisions and social security are strongly interdependent. This means that it is in the interest not only of the poor people, but also of national governments, to reduce or minimise social insecurity in order to achieve the best from development efforts.

In Zimbabwe in particular, but also in the Southern African Development Community (SADC) countries in general, before the advent of structural adjustment programmes (SAPs), government(s) operated food subsidy programmes through state owned parastatals which controlled food marketing and external trade. Government(s) also provided input subsidies in agriculture and basic industries and in health and education. SAPs demand the abandonment of these welfarist policies which are largely blamed for the stagnation and economic crises which characterised the African economies in the 1970s and in the 1980s in the case of Zimbabwe. The main objective of SAPs being to free the economies from "government distortions" through excessive controls, by liberalising/opening up the economy, privatising the economy under free market operation and thus revitalise the economy's growth and employment creation paths. In the long-run, a growing economy is a prerequisite for social security for the majority of the people as many will be productively engaged and the state has access to more resources for possible redistribution. Thus, according to the World Bank (1994), the poor should benefit from more and not less adjustment.

THE FOUNDATIONS OF RURAL SOCIAL INSECURITY IN ZIMBABWE

Unequal Resource Distribution (Land, Water and Infrastructural Support)

Zimbabwe has a total population of around 12 million people of whom 98.8% are Blacks and 1.2% are European, Asian and other mixed races. Population growth rate is relatively high at an average of 3% per annum since 1980. The total land area of approximately 40 million hectares is highly unequally distributed among the economic groups. The country has a strong political economy background of 90 years of colonial rule (1890-1980) whose influence explains a lot of the economic inequalities, which translate into rural social insecurity characteristic of present day Zimbabwe (see Table 1).

A notable feature of Zimbabwe's economy is its dualistic structure. The economy consists of a small but relatively advanced urban sector co-existing with a large and relatively backward and impoverished rural/communal sector. About 70% of the population (8.4 million blacks) live in the rural areas largely as small scale communal area farmers or as large scale commercial farm (LSCF) labourers, making agriculture the largest employer of the total labour force of the country.

Zimbabwe's total land area of about 40 million hectares is characterised by major climatic variation. The land is divided into five agroecological zones, commonly known as natural regions I - V, with soil type and rainfall reliability and hence productivity decreasing as one moves from region I to V. Zimbabwe has four major land tenure regimes, namely, the Commercial Lands, Communal Lands, Resettlement Areas and State Lands. Commercial Lands constitute 35.2% of the total land area in the form of mainly LSCF which average 3 000 hectares per farm on freehold tenure. 4 000 LSCF are owned by whites while 450 LSCF are owned by blacks. LSCF occupy 66% of the best land in natural regions I and II. There is also a relatively insignificant sub-group in terms of output contribution of 10 600 small scale commercial farms (SSCF) owned by blacks on freehold title. Communal Areas (CAs) occupy 41.8% of the total land area of which 75% is in the worst natural regions IV and V (marginal lands unsuitable for viable rainfed cropping) with low and erratic rainfall. In CAs grazing lands and natural woodlands are communally managed while arable land is allocated to individual families on usufruct rights which can go on for several generations. The average size of a communal farm excluding common grazing lands is 2 hectares. It is estimated that only about 10% of communal households control over 6 hectares of arable land, while about 20% are near landless. Communal lands belong to the state and cannot be bought or sold. Resettlement areas, occupying 7.9% of the total land, with a predominantly state dominated permit tenure system, enabled only 60 000 black families (6% of the peasants) to gain access to more than 12 hectares per family of poor natural region arable land by 1995 (Moyo 1995; Nyoni 1993; Chipika 1997c).

Unequal land distribution translates into unequal water distribution in Zimbabwe (Land Tenure Commission 1994). Existing water laws of 1976 (currently under review) give exclusive rights of ownership of surface water to land owners. Communal area farmers are not land owners and thus have no right to surface water. About 80% of surface water use in Zimbabwe is in irrigation where the LSCF sector accounts for 90% of the country's irrigated land (World Bank 1994).

TABLE 1
ZIMBABWE'S POLITICAL AND ECONOMIC POLICY REGIMES

ERA	POLITICAL AND ECONOMIC ENVIRONMENT
1890-1939	Early colonial era; Gold rush frustrations; The turn of settlers to agriculture; The Land Apportionment Act of 1934 - unequal land distribution against the black majority who were allocated about 22% of total land area as African Reserves and 8% as African Purchase Areas while 51% of the total land was designated European Areas.
1953-1963	Federation of Rhodesia and Nyasaland; Creation of a regional market and start of manufacturing sector in Rhodesia; Consolidation of the Land Apportionment Acts using the Native Land Husbandry Act (NLHA) of 1951 which faced stiff resistance from the native farmers.
1965-1979	Unilateral declaration of independence (UDI) by Rhodesia; Sanctions by the international community; Import substitution industrialisation (ISI) and more use of economic controls; The Land Tenure Act of 1969 saw 50% of the total land being allocated to the natives as Tribal Trust Lands (TTLs) due to mounting war pressure; 1974-79 was the peak of the war of liberation.
1980-1990	First decade of independence; Economic controls inherited from colonial era; Growth with Equity policies under a "Socialist" ideology; The start of an "ineffective" land redistribution programme.
1991-1997 onwards	Economic Structural adjustment (ESAP) era - liberalisation of the economy. Land Tenure Commission of 1994 - whose recommendations have not yet yielded tangible results in terms of land redistribution.

Also as part of colonial policy, unequal land and water distribution was re-enforced by unequal provision of agricultural infrastructure and extension in particular and social infrastructure in general. The LSCF sector was well serviced with agricultural credit, extension and marketing support while all these were scarce or absent in communal areas. For example, in 1980 only 2% of CA farmers received formal credit, of the 34 Grain Marketing Board (GMB) depots in the country, only 3 were in communal area, while the ratio of extension workers to CA farmers was 1 : 1 200 (Amin and Kutoka 1989, Agritex 1989).

At independence in 1980, the new government was aware of these inequalities and acknowledged the need for policies to redress the situation. In agriculture the policy thrust of the 1980s was aimed at stimulating large scale production, stimulating small farmer cash and food crop production and marketing and overall stabilising national food supplies. The expected outcome was national food self-sufficiency, improved communal area household incomes and general standards of living. Producer price incentives, guaranteed markets even for small grains were provided through the GMB and Cotton Marketing Board (CMB). In addition, there was an improvement in the provision of agricultural services (credit and extension) to communal area farmers through the Agricultural Finance Corporation (AFC) and the Agricultural Extension Department (AGRITEX) of the Ministry of Agriculture. For example, from 1980 to 1986 AFC credit to CAs increased about 50 times in amount and about 30 times in the number of loans given. Fertilizer delivered to CAs increased 5 fold and improved seed increased 7 fold between 1979 to 1986. By 1985 the GMB had 53 depots of which 14 were in CAs together with 55 collection points and 13 mobile units in an effort to encourage grain marketing by communal area farmers. The number of communal area farmers registered with the GMB increased 4 fold from 60 000 in 1981 to 217 189 in 1985 while the ratio of extension workers to CA farmers improved to 1 : 800 by 1988 as a result of deliberate effort by the state to improve support to communal areas farmers (Amin 1988, Harriss 1986, Rohrbach 1989, Agritex 1989).

It is important to note that the above policies of the 1980s were “minimal intervention” strategies which left land distribution basically as it was in the colonial era. Even though the need for a comprehensive land reform was acknowledged in policy frameworks such as the First Five Year National Development Plan of 1986, in practice very little of this “more interventionist” policy was implemented. By 1990 a total of only 52 000 communal area families had been resettled and these were only 22% of the planned targets of 237 000 families. The constraints of the Lancaster House Constitution on the acquisition of land were cited as the major reasons for this slow progress in land redistribution. Thus, Zimbabwe’s agricultural achievements of the 1980s are attributed to the pricing and extension incentives and not to the start of some land redistribution process.

The Food, Health and Education Situation in Rural Areas

The outcomes of all the colonial resource distribution policies discussed above were far reaching and still determine the character of rural welfare in Zimbabwe today. Rapidly increasing human and livestock populations have been among the major factors responsible for overgrazing, soil degradation and deforestation in communal areas. FAO estimates of 1953 show that 60% of Zimbabwe’s CAs were then covered by natural woodlands. By 1978 woodland cover had been reduced to 30% and further down to 18% in the 1990s, with some CAs no longer having any natural forests. Of the total of 1.8 million hectares of eroded land in Zimbabwe, 83% is estimated to be in CAs. Wetland areas in CAs are also under pressure for grazing and cultivation resulting in river and dam siltation (Whitlow and Campbell 1989; World Bank 1994).

The pricing, credit and extension policies of the 1980s yielded some positive results. During the period 1980-1986 per capita cereal production increased by 80%, maize output doubled as did the area under maize and by 1986 there were 2 million tonnes (3 years supply) of maize in GMB’s national stocks. By 1989 CA farmers supplied 63% of marketed maize from 6% in 1980, 90% of sunflower and an increasing share of cotton. However, from 1987

onwards the “success” story became gloomy as bottlenecks in the then controlled economy led to the reduction or stoppage of the distribution of agricultural inputs to communal areas. In addition several other undesirable trends started surfacing in the late 1980s which included the continuation of the need for drought relief and public works programmes in the communal areas and reported high levels of child malnutrition co-existing with seeming national food self-sufficiency. An analysis of this paradox showed a highly skewed distribution of the “success”. For example, only 18 out of the 170 communal areas in the country contributed about 70% of the marketed maize in good years and as much as 90% in drought years. These 18 CAs are the few located in the higher rainfall provinces of Mashonaland West, East and Central. The majority of the communal areas in the drier natural regions IV and V were in fact consistently food deficit areas (Amin and Kutoka 1989). Further research evidence showed that it was the small click (25% of CA farmers) of “master farmers” who benefited from the state support package of the 1980s leaving the majority still socially insecure (Vengesa 1985, Chipika S. 1990). It was only at the end of the 1980s decade that policy makers began to accept that there was a problem of structural poverty in Zimbabwe’s rural areas which needed policy to effectively address it.

The World Bank 1996, using the Income Consumption and Expenditure Survey of 1990/91 estimated that 25% of Zimbabwe’s population live in poverty with 76% of the poor and 82% of the very poor being all people living in the communal areas. Ministry of Public Service, Labour and Social Welfare 1996, estimated that 60% of the population was in poverty with the majority again being in communal areas. These results are not only indicative of the possibility of rising poverty and social insecurity in the rural areas, but even as individual surveys, they indicate high levels of social insecurity in rural areas. Tables 2 and 3 below on government’s drought relief program to alleviate food insecurity in the rural areas confirm the chronic nature of this problem in the nation. The statistics show that food relief in the rural areas is a permanent programme for government and not just a feature related to drought as initially intended. Requests for more food seem to have increased significantly since 1991.

The colonial regime policies of discrimination against the majority blacks was not only evident in agriculture, but also in the provision of basic essential services such as health and education. At independence in 1980 the new government’s efforts to redress imbalances in this area were much more evident under the policies of “free”/state financed primary education and basic health care policies together with widespread literacy campaigns for all age groups. Infact the first decade of independence 1980-1990 is noted for its high scores in social achievements and less scores in productive activities of the economy as a whole. Zimbabwe scored highly in child immunisation, primary health, education and family planning. The nation realised universal coverage in immunisation moving from 25% in 1980 to 86% by 1990, while infant mortality dropped from 88/1000 live births in 1980 to 61/1000 live births by 1990. In education, primary school enrolments doubled during the period 1980-1990, rural secondary schools increased 8 fold between during the same period accompanied by a 10 fold increase in secondary school enrolments (Davies, Sanders and Shaw 1991; Mhone 1995; Chipika 1997b). Nothing much happened in the rural areas in the areas of housing, safe water and sanitation apart from a few donor funded projects scattered throughout the country, whose impact has not been very significant.

The education and health benefits of the 1980s are however, currently being eroded under the new ESAP environment under which people either have to pay for these services or have to

do with ill equipped institutions as government is required to tighten its expenditure (more on this will be discussed in the next section). The unfortunate thing about the expansion in education during this period was that economic growth and employment creation lagged behind. Each year 300 000 job seekers (mainly school leavers) entered the job market when on average 30 000 new jobs were created in industry (ZCTU Interim Report, 1995). Thus, a serious problem of unemployment surfaced in the late 1980s. The majority of these unemployed youths were from the rural areas, whose families had sacrificed their little agricultural income in order to give secondary education to their children in the hope that when they got employed the welfare of the rural families would improve. The quality of the education itself was also problematic in that it prepared labour for employment in the formal sector and not for self-employment in the non-formal sectors.

TABLE 2

PERCENTAGE OF COMMUNAL AREAS WITH:

YEAR	Very Poor Harvest	Poor Harvest	Average Harvest	Good Harvest	Very Good Harvest
1981	46	2	25	3	24
1983	85	4	3	1	6
1984	65	10	13	3	10
1985	17	5	16	5	56
1986	47	5	18	7	24
1987	79	4	9	1	7
1988	19	15	33	8	25
1989	24	10	28	7	31
1990	35	10	24	3	28
1991	32	8	34	5	21
1992	94	4	0	1	1
1993	11	9	7	6	66
1994	24	8	26	5	37
1995	87	5	3	1	5
1996	22	7	31	5	34
AVERAGE	46	7	18	4	25

Source: USAID Famine Early Warning System and the National Early Warning Unit, AGRITEX, 1997.

TABLE 3

NATIONAL DROUGHT RELIEF ACTIVITIES 1983 - 1993

YEAR	PEOPLE REQUESTING (Cumulative Request Counts per Year)	PEOPLE FED (Cumulative Feeding Counts per Year)	GRAIN DISTRIBUTED (Metric Tonnes)
1982/83	4 475 012	8 630 628	93 743
1983/84	18 348 860	17 565 142	174 438
1984/85	11 015 432	7 203 621	61 753
1985/86	1 663 540	843 979	7 470
1986/87	10 951 030	5 021 507	51 651
1987/88	21 572 692	11 738 715	114 123
1988/89	4 070 296	1 716 377	20 343
1989/90	14 232 259	5 732 921	59 223
1990/91	23 623 158	13 110 098	131 123
1991/92	27 528 873	12 403 808	131 618
1992/93	52 753 071	44 148 790	349 729

Source: Social Welfare Statistical Overview; Ministry of Agriculture 1997.

ECONOMIC REFORM (ESAP) POLICIES AND RURAL SOCIAL INSECURITY IN ZIMBABWE 1991 - 1997

From Controls to Liberalisation of the Economy

In terms of macro-economic management, the first decade of independence in Zimbabwe 1980-1990, is known as the era of controls. The state played a major role in all the major sectors of the economy owning a chain of parastatals in agricultural marketing, public utility provision and strategic industries. Examples include, Dairi Marketing Board (DMB), Cotton Marketing Board (CMB), Grain Marketing Board (GMB), Agricultural Marketing Authority (AMA), Cold Storage Commission (CSC), Agricultural Rural Development Authority (ARDA), Agricultural Finance Corporation (AFC), National Railways of Zimbabwe (NRZ), Zimbabwe electricity Supply Authority (ZESA), Air Zimbabwe, Post and Telecommunications Corporation (PTC), Zimbabwe Iron and Steel Company (ZISCO), Zimbabwe Development Council (ZDC), Investment Development Council (IDC), Zimbabwe United Passenger Company (ZUPCO), Minerals Marketing Corporation of Zimbabwe (MMCZ), Zimbabwe State Trading Corporation (ZSTC) and the list continues. In the labour and investment market, minimum wages were set by government accompanied by stringent labour laws that largely protected the worker. Investment approval went through a long process of screening and approval. Prices of agricultural inputs and outputs together with prices of basic foodstuffs were all controlled by government. Interest rates and exchange rates were administered by the Reserve Bank of Zimbabwe such that nominal interest rates remained constant at 13%

during the period 1981-1989 very close to the inflation rate which averaged 12-13% in the same period. On the international trade arena, import and export controls in the form of licenses together with a stringent and corrupt foreign exchange allocation system were the order of the day.

The outcomes of this controlled regime were broadly, stagnating private investment particularly in the manufacturing sector which is the largest contributor to gross domestic product (GDP), high unemployment as the economy failed to absorb the large numbers of school leavers from the expanded education system, shortages of foreign exchange, basic goods and services leading to unrecorded inflation, budget deficit problems and continued massive poverty in the rural areas in the absence of an effective land redistribution programme. Pressure for change culminated in the adoption of the orthodox World Bank/IMF Economic Structural Adjustment Programme (ESAP) in 1991.

ESAP: The Package, Aims, Objectives and Outcomes

The broad aim of ESAP was to create incentives for private investment in manufacturing, reduce government deficits, encourage exports, allow free market forces to determine efficient resource allocation in the economy and hence generate economic growth and employment. The package consists of four key components:

- (i) *Trade Liberalisation* which involved moving away from regulatory controls on international trade and foreign exchange allocation, use of appropriate exchange rate policies involving devaluation of the local currency to encourage exports as well as expanding the Open General Import License (OGIL) and tariff reforms.
- (ii) *Budget Policy/Fiscal Deficit Reduction* which was targeted at reducing fiscal deficits to less than 5% of GDP by 1995 and increase efficiency in the public service. Budget reduction measures included the elimination of subsidies of all forms, public sector enterprise reform, cost recovery in education and health and public service job rationalisation aimed at reducing the size of the public service.
- (iii) *Domestic Deregulation/Monetary and Interest Rate Policy* which involved a shift from direct controls to market based monetary and interest rate policy instruments. Savings mobilisation and inflation containment at one digit levels by 1995 were major outcome targets. Domestic deregulation also involved removing price and wage controls and the many consumer subsidies of the 1980s. This was meant to increase free competition and give firms the opportunity to respond to market opportunities.
- (iv) *Social Dimensions of Adjustment: The Social Development Fund (SDF)* which was meant to mitigate the social costs of adjustment to the vulnerable groups and the poor who include women, children, the unemployed and the retrenched during the transitional period of economic adjustment. The policy instruments used in the implementation included the Employment Training Programme (ETP) and the Social Welfare Programme consisting of commodity specific subsidy on food and exemption from cost recovery for the vulnerable and poor groups.

The reform programme, ESAP 1991-95, was largely a failure and this is partly blamed on the way the sequencing of the reform components was done. Domestic decontrol and trade liberalisation were implemented first while the reduction in the fiscal deficit and the SDA lagged behind. This sequencing is sometimes described as a "partial implementation" of the ESAP.

Fiscal and Monetary Outcomes

The broad outcome of ESAP was macroeconomic instability characterised by high government budget deficits, which remained at around 10% of GDP and were largely domestically financed. This increased the demand for loanable funds, thus pushing interest rates up. This, together with a tight monetary policy, pushed interest rates to unbearable levels of 40% - 48% from 1992 to 1994, rising from 13% in the 1980s (Reserve Bank of Zimbabwe 1996). High interest rates have crowded out private investment and suppressed economic growth and employment creation.

High interest rates, high tariffs on imported inputs and price decontrol under oligopolistic conditions, fuelled the rise in prices, particularly of basic goods. This worsened the plight of the poor and vulnerable groups. The prices of food and medical care in 1995 were more than 5 times their 1990 levels. Inflation shot from an average of 15% in the 1980s to 42% in 1992 and down to 23% by 1995 against ESAP targets of 10% (Reserve Bank of Zimbabwe, 1996 and Chipika, Chibanda and Kadenge, 1997).

High debt servicing costs for both domestic and foreign debt by government are reducing the funds available to essential public services like health and education. The Zimbabwean economy moved from an indebtedness level of around 50% of GDP in the 1980s to more than 80% of GDP by the 1990s. In addition, slow economic growth and compression of wages, all contribute to the constraining of the government revenue base. This, combined with reduced taxes and weak tax collection capacity, constrains government's public expenditure capacity (Chipika, Chibanda, & Kadenge, 1997).

An important component of fiscal policy under economic reform is the move towards efficient revenue collection systems by the state machinery. In Zimbabwe government collects the bulk of its revenue from direct taxes such as income tax and corporate tax. A small percentage of the revenue comes from indirect taxes such as sales tax. Sales tax is a broad base tax collected at the retail level where goods are sold to the final consumer. At the manufacturing and wholesaling levels companies just use their tax numbers to acquire goods without directly paying tax at that point. This system is said to be prone to high levels of tax evasion as false numbers are used and people out of business continue to use their tax numbers etc. High sales tax levels increase the desire of evasion while at the same time the consumers face high prices.

Zimbabwe is on its way to introducing the value-added tax system (VAT). Under the VAT system, tax is collected at each stage in the manufacturing process as well as at the wholesale and retail stage. This system is likely to generate more revenue for the state as the risk of evasion is reduced. The final consumer however, is likely to face higher prices as low price tax-evasion benefits are eradicated in the economy and oligopolistic firms pass the whole tax burden to the consumer (i.e it is possible for VAT to fuel inflation). It is generally postulated that VAT works at its best in macroeconomically stable economies, a condition which Zimbabwe does not currently satisfy. A remote advantage for the rural community lies in that when the state has more revenue, its capacity to support rural development projects will be strengthened in the long run.

Exchange Rate and Trade Outcomes

In trade the Zimbabwe dollar has experienced a heavy devaluation from Z\$0.4/US\$1 in 1990 to Z\$9.31/US\$1 by 1995 i.e a 2227.5% devaluation and currently (January 1998) the currency is very weak at Z\$19/US\$1. This was intended to boost exports, an outcome which has not been realised in general. Instead, the country which is heavily dependent on the imports of machinery and chemicals has been hard hit by expensive import prices (i.e imported inflation). Several rural households, realising that low productivity small scale agriculture will not afford them improved welfare have joined the growing urban informal sector in cross border trading with South Africa, Botswana, Zambia, Mozambique and Mauritius. The devaluation of the local currency has directly hit these small traders hard.

ESAP and Employment Outcomes

The SDF's two major elements, of employment and training of retrenched workers, and social welfare (school and health fees exemption and food money) have generally been unsuccessful. The SDF funds had reached very few of the beneficiaries, e.g 20% for school fees and 4% for food money. Cumbersome eligibility criteria and lack of funding and implementing manpower are largely to blame for this failure.

Real wages fell by 30% between 1990 - 94 and under normal growth conditions this should have stimulated employment creation. Growth in total employment since 1991 has averaged 1.6% per annum compared to targets of 3% per annum which would match the annual increase in Zimbabwe's working age population. Currently, the unemployment rate in Zimbabwe is estimated to be very high at 40-50%.

Retrenchment of workers has been heavy, with 32 440 jobs lost by December 1995 in the formal sector compared to a target of 20 000 (Government of Zimbabwe, Ministry of Labour and Social Welfare 1991). The textile and engineering sub-sectors were hard hit by company closures. These income and employment trends impacted negatively on urban households who rely mostly on wages.

It is noted that labour-intensive horticulture and tourism have grown strong under ESAP (Reserve Bank of Zimbabwe, 1996). Rapid growth is also noted in the informal sector where employment grew by 14% between 1991 - 93, with employment growth rates of 35% in transport and 23% in trading (Chipika, Chibanda & Kateera, 1996).

The impact of all these outcomes on rural remittances needs to be assessed since it is possible that these may have been reduced or become negative on rural agriculture and welfare in general or they may have remained unchanged or increased if remitters cut back on their own consumption budgets and gave priority to rural investment as a form of social security. It is also important to assess the extent and nature of rural poverty under the ESAP period. Continued redundancies and salary cuts in public sector and parastatals may lead to widespread impoverishment and environmental encroachment by new and under resourced farmers. The failure of ESAP in general to create formal employment for school leavers might create conditions for commercialisation of forest products by the youths in the informal sector thereby worsening any hopes for sustainable development in the rural areas, thus increasing social insecurity in the long run.

ESAP, Health and Education Outcomes

There is no doubt that Zimbabwe generated favourable indicators in health and education in the 1980s. Basic health indicators like child mortality, maternal mortality and child nutrition (Weight-for-Age) status have all worsened under ESAP, with the exception of stunting which has improved, probably because of the continued government child feeding programmes (Chipika, Chibanda & Kateera, 1996).

The explanations for worsening basic health indicators lie in several factors including the HIV/AIDS pandemic, fall in income levels, decline in public spending on health from 6.4% of government's total budget in 1990/91 to 4.3% in 1995/96 i.e a 30% decline. Real per capita spending dropped 40% in 1995/96 compared to 1990/91 (Government of Zimbabwe Budget Statements). There are indications that preventative and primary health care, which benefit the poor most, have been declining. Per capita non-wage recurrent spending declined by 42% between 1990/91 and 1995/96 affecting negatively the ability of public health institutions to acquire basic drugs and supplies. The HIV/AIDS pandemic affecting about 10% of the population, mostly in the economically active age group (20-45) years, is putting severe strain on the formal health care system, the rural areas were most of the terminal cases are dumped for "home based care" and on the economy as a whole. The time of severe hardships from external factors such as AIDS and drought is the most inappropriate time to cut back government real expenditure in essential social services.

Public spending on education has not been spared, declining steadily from 18% of total budget in 1990/91 to 15% in 1994/95. Non- staff costs, which include supplies and teaching materials, which benefit the poor, accounted for 10% of the primary school budget in the 1980s but by 1993/94 were less than 5%. Real resources per primary pupil fell by 33% from 1990/91 to 1994/95, while the budgets for higher education rose. The proportion of qualified teachers has increased for both primary and secondary levels and O-level pass rates have also been getting better. Unfortunately, rates of completion of primary school by girls has dropped and this is likely to affect children from poor families.

It looks like investment in human capital needs revisiting to restore or to increase previous levels, if the gains made in the 1980s are not to be eroded. This investment is crucial for the sustenance of economic growth. A reduction in human capital investment increases vulnerability to poverty/social insecurity for future generations.

It is necessary to understand this background in order to appreciate the decision making environment of rural households. Practically, they have become responsible for their expenditures on social services like education and health which were formally provided free by government because while the policy still stipulates that primary education and rural health centres are non paying, in reality the institutions have no drugs and adequate teaching materials so that the rural households in need of these services end up paying for them in the urban areas. Thus, cost-recovery measures apply to them as well. They have also to meet the cost of previously subsidised farm inputs. In addition to meeting the cost of these services, their own consumption needs are increasing because those imported or with an imported component have become more expensive because of the devaluation of the Zimbabwean dollar, and further inflation has taken its toll as well. Thus, within their resource constrained environment, rural households may be getting more and more socially insecure.

ESAP and Agriculture Outcomes

Underlying the whole question of the impact of macroeconomic policies on rural livelihoods, is the issue of peasant behaviour or the peasant household decision-making process. The main objectives of rural households when they engage in agricultural and other non-agricultural activities will determine how they respond to changing economic conditions. In Sub-Saharan African (SAA) countries in general and Zimbabwe in particular, research evidence suggests that poor peasant households who are in the majority do not aim at profit maximisation from agricultural production. Their major concern is household food security (first and foremost from their own production) such that risk-aversion behaviour dominates the decision-making process of poor households (Ellis 1988; Chipika 1994).

Chipika (1994) found for the case of Zimbabwe's communal areas that 60% of the sample households were 'strongly risk-averse' and these were mainly the poor and lower-middle groups of households (using socio-economic strata assessment); 25% were 'strongly risk-taking' in behaviour and these were mainly the top-better-off and a few upper-middle group households while 15% were 'risk-neutral' and these were mainly the upper-middle households. These results generally suggest that risk-aversion behaviour is rife among the majority poor peasants in Zimbabwe and it decreases with an increase in wealth and security. Risk-averse households regard involvement in the cash economy and venturing into new productivity-raising innovations as risky undertakings even though higher producer prices (if they can access them at all) would normally justify investment in farm working capital. However, the 25% risk-takers are expected to respond positively to market opportunities as they did to the incentives of the 1980s and these have been observed to grow more cotton, sunflower and venturing into tobacco, which are lucrative cash crops under ESAP.

(i) Liberalised Grain Marketing

The impact of liberalised grain marketing (leading sometimes to the closure of Grain Marketing Board (GMB) depots to reduce government deficit and improve marketing efficiency) is controversial. Some contend that the poor have benefited from cheaper mealie-meal prices, cash payment, farm-gate collection and provision of packaging (Addison 1996), while others argue that marketing problems have arisen with the re-introduction of unscrupulous middleman, worsening the welfare of communal area poor households. Mukamuri (1997) reports that farmers in Mangwende, Chivi and Hurungwe communal areas also complained of very low prices offered for their maize by private traders sometimes under **unfair barter trading terms**. While LSCF may benefit from higher maize producer prices as they participate on the free market trading like the ZIMACE market, communal farmers do not even know about this market and do not have the capacity to respond quickly to the market's demands of fast delivery of large quantities of maize. Instead, the majority of communal area households are food deficit households and net buyers of grain, such that the ever increasing processed mealie-meal prices which follow the trend of higher free market maize producer and selling prices, are worsening their food insecurity situation.

(ii) Fiscal Deficit Reduction and Public Enterprise Reform

The reduction in subsidies for food, fertilisers and agricultural inputs has the potential to carry very negative consequences for the rural households. Poor farmers may respond by clearing more marginal lands in order to increase or maintain agricultural output levels under reduced yields i.e discouragement of more intensive farming or they may resign to the declining

yields and cry out for more government drought relief food supplies. All these have the effect of reversing even the limited achievements of the 1980s which resulted from guaranteed producer prices, access to markets and agricultural extension as well as the subsidised fertilizer and agricultural inputs package to the communal farmers.

CONCLUSIONS AND IMPLICATIONS FOR THE FUTURE OF RURAL SOCIAL SECURITY IN ZIMBABWE

Conclusions

- * From the above discussion there is no doubt that high levels of social insecurity in all its multiple dimensions exist in the rural areas of Zimbabwe where the majority of the population lives.
- * It is also important to note that rural social insecurity has its roots deeply entrenched in the unequal resource distribution fostered by colonial political and economic policies. The failure so far by the independence government to redistribute economic resources, and in particular agricultural land has perpetuated rural poverty and social insecurity. The benefits from "minimal interventionist" policies such as the agricultural support package of the 1980s to the communal farmers are limited in the face of a major land constraint faced by these farmers. Land tenure security would also go a long way in alleviating poverty if it specifically empowers women who constitute about 80% of the rural population supplying 60%-75% of the labour force in agriculture. Generally, women control fewer resources, earn lower incomes, have less access to higher education and skills acquisition and are often restricted to their reproductive roles and hence they constitute a large proportion of the poor. Thus, addressing the socio-economic situation of women may go a long way in reducing rural social insecurity.
- * Even though droughts have become a permanent feature of the SADC countries, their management is still largely on an ad-hoc basis and heavily reliant on external aid to manage the worst crisis situations. The incidence of droughts in the region is predicted to worsen with time because of global warming and it is high time drought is internalised into the policy environment rather than leave it as an exogenous factor. This can be done through coordinated effort and drought management strategies at regional level. Such strategies may include research into and adoption of drought resistant crop and livestock varieties. At country level, it is worthwhile investing in rural irrigation infrastructure.
- * Food insecurity in the rural areas is both a supply and demand effective demand issue. An important component of effective demand in non-agricultural income either from formal employment or from many other self-employment, income generating projects. There is some potential in value-adding small processing agricultural and non-agricultural projects in both the urban and rural areas of Zimbabwe which could improve household social security. Support services in the form of skills, appropriate technology, market information, credit etc is what is required in order to give effective demand a push.

- * Bringing structural adjustment policies into this already problematic rural situation has simply compounded/increased the problem of rural social insecurity. For whatever reason(s) that can be cited for the economic hardships and macroeconomic instability experienced by Zimbabwe during ESAP, the evidence so far points to the fact that adjustment policies contributed to rising poverty levels.

The failure to attract significant levels of private investment, labour deregulation, retrenchments in the public and private sectors, closure of the so called inefficient companies, an incompatible education system etc have all contributed to rising unemployment, affecting negatively the welfare of both rural and urban households.

Reduction in government spending, unselective price decontrols and subsidy withdrawals expose large sections of the population to unbearable consumer price increases and the rural community with the least income are most affected.

Public expenditure cuts accompanied by user fees policies, reduce the poor's access to sometimes basic and essential services such as health, education and agricultural extension information.

Agricultural parastatal reform and removal of subsidies from agricultural inputs worsen the position of the small scale communal farmers most of whom depended on government support. Most of them will not benefit from the free market producer price increases and will end up receiving low prices from the few unscrupulous private traders operating an oligopolistic market in the rural areas.

Under this economic stress accompanied by a poorly administered and poorly funded SDF, rural households end up adopting their own survival strategies which are not sustainable in the long run. Research evidence shows that such strategies include commercialising natural forest products (when the forest resource itself is fast depleting in the rural areas), moving into extensive agriculture thus depleting and degrading the fragile marginal and grazing lands even more, moving into cash cropping at the expense of food crops, informal sector activities such as trading, crime and prostitution, reducing household consumption, relying on government drought relief food, relying more on traditional and faith healing, withdrawing girl children from school, relying more on informal lending etc.

Implications for the Future

As the nation of Zimbabwe moves on into the second phase of the economic reform programme, the Zimbabwe Programme for Economic and Social Transformation (ZIMPREST), it is important for social policy to be treated more seriously in macroeconomic and sectoral policy making. Land redistribution is a must and not an option in the case of Zimbabwe if one is to think of starting the process of eradicating rural poverty and social insecurity. Part of the process of policy making must be being able to foresee how these policies may impact directly or indirectly on the welfare of the majority as well as on important productive sectors of the economy so that adequate cushioning mechanisms, if possible, can be put in place. Monitoring and evaluation of policies during implementation is a key step to "smelling danger before it strikes" so that steps can be taken to "keep the horse on track before the race is over". As the author is concluding this paper, the country

is going through one of the worst riots ever (which has seen the destruction of business property worth millions of dollars) over basic food price increases. This shows that there is a limit to which households can take on the pressure of economic stress.

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